

AMENDED IN ASSEMBLY AUGUST 19, 2016

AMENDED IN ASSEMBLY AUGUST 15, 2016

AMENDED IN ASSEMBLY JUNE 16, 2016

AMENDED IN SENATE APRIL 6, 2016

SENATE BILL

No. 1192

Introduced by Senator Hill

(Principal coauthors: Assembly Members Medina and Salas)

February 18, 2016

An act to amend *Section 325 of the Business and Professions Code*, and to amend Sections 94809, 94874, 94874.2, 94874.5, 94874.7, 94874.8, 94878, 94880, 94885, 94885.1, 94885.5, 94889, 94905, 94909, 94923, 94930.5, 94932, 94936, 94937, 94944, 94948, and 94950 of, to add Sections 94801.5, 94850.5, and 94934.5 to, to add and repeal Article 20.6 (commencing with Section 94949.7) of Chapter 8 of Part 59 of Division 10 of Title 3 of, and to repeal Section 94879 of, the Education Code, relating to private postsecondary education, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

SB 1192, as amended, Hill. Private postsecondary education: California Private Postsecondary Education Act of 2009.

Existing law, the California Private Postsecondary Education Act of 2009, provides, among other things, for student protections and regulatory oversight of private postsecondary institutions in the state. The act is enforced by the Bureau for Private Postsecondary Education within the Department of Consumer Affairs. The act exempts an institution from its provisions if any of a list of specific criteria are met.

This bill would recast and revise various provisions of the act. The bill would increase the amount of a fine that may be issued to a person for operating an institution without proper approval to operate from \$50,000 to \$100,000. The bill would require an out-of-state private postsecondary educational institutions, as defined, to comply with specified requirements, including providing the bureau evidence of the institution's accreditation. The bill would authorize the bureau to adopt, by regulation, a process that allows an institution with approval to operate to request and receive inactive status. The bill would require an institution with approval to operate that ~~knows or reasonably should know~~ that it is being investigated, is the subject of a judgment, a regulatory action, or increased oversight or monitoring by, or is the subject of a settlement with, an oversight entity other than the bureau to report it to the bureau, as specified. The bill would adjust annual fees charged to an institution with approval to operate, as specified.

This bill would establish an Office of Student Assistance and Relief to advance and promote the rights of private postsecondary educational institution students, as specified. The bill would require the office to report quarterly by posting on the bureau's Internet Web site, through September 1, 2018, specified information related to assistance it provides to these students. The bill would require the office to submit a report to the Legislature, the department, and the bureau summarizing that information by January 1, 2019.

The act establishes the Student Tuition Recovery Fund and requires the bureau to adopt regulations governing the administration and maintenance of the fund, including requirements relating to assessments on students and student claims against the fund, and establishes that the moneys in this fund are continuously appropriated to the bureau for specified purposes.

This bill would make a California student of a Corinthian Colleges, Inc., institution, who meets all of the other eligibility requirements, eligible for recovery from the fund. To the extent that the bill expands the purposes of the fund, the bill would make an appropriation.

Existing law repeals the act on January 1, 2017.

This bill would instead repeal the act on January 1, 2021, thus extending the operation of the act by 4 years. By extending operation of the Student Tuition Recovery Fund, a continuously appropriated fund, this bill would make an appropriation.

Under existing law, the act specifies conduct by regulated institutions that, if undertaken, is a crime.

Because this bill would extend the application of those criminal provisions, it would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: yes. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

1 *SECTION 1. Section 325 of the Business and Professions Code*
2 *is amended to read:*

3 325. It shall be the duty of the director to receive complaints
4 from consumers concerning (a) unfair methods of competition and
5 unfair or deceptive acts or practices undertaken by any person in
6 the conduct of any trade or commerce; (b) the production,
7 distribution, sale, and lease of any goods and services undertaken
8 by any person which may endanger the public health, safety, or
9 welfare; (c) violations of provisions of this code relating to
10 businesses and professions licensed by any agency of the
11 department, and regulations promulgated pursuant thereto; ~~and~~ (d)
12 *student concerns related to the Bureau for Private Postsecondary*
13 *Education's performance of its responsibilities, including concerns*
14 *that arise related to the Bureau for Private Postsecondary*
15 *Education's handling of a complaint or its administration of the*
16 *Student Tuition Recovery Fund, established in Article 14*
17 *(commencing with Section 94923) of Chapter 8 of Part 59 of*
18 *Division 10 of Title 3 of the Education Code; and (e) other matters*
19 consistent with the purposes of this chapter, whenever appropriate.

20 ~~SECTION 1.~~

21 *SEC. 2. Section 94801.5 is added to the Education Code, to*
22 *read:*

23 94801.5. (a) Effective July 1, 2017, an out-of-state private
24 postsecondary educational institution shall register with the bureau,
25 pay a fee ~~in an amount commensurate with the cost of registration,~~
26 ~~as determined by the bureau, pursuant to Section 94930.5,~~ and
27 comply with all of the following:

1 (1) The institution shall provide the bureau with all of the
2 following information:

3 (A) Evidence of accreditation.

4 (B) Evidence that the institution is approved to operate in the
5 state where the institution maintains its main administrative
6 location.

7 (C) The agent for service of process consistent with Section
8 94943.5.

9 (D) A copy of the institution's catalog and sample enrollment
10 agreement.

11 (2) The institution shall comply with the requirements of the
12 Student Tuition Recovery Fund, established in Article 14
13 (commencing with Section 94923), and ~~implementing~~ regulations
14 adopted by the bureau related to the fund, for its students residing
15 in California.

16 (3) The institution shall provide disclosures pursuant to the
17 requirements for the Student Tuition Recovery Fund, established
18 in Article 14 (commencing with Section 94923), and ~~implementing~~
19 regulations adopted by the bureau related to the fund, for its
20 students residing in California.

21 (b) This section does not apply to nonpublic higher education
22 institutions that grant undergraduate degrees, graduate degrees, or
23 both, and that are formed as nonprofit corporations and are
24 accredited by an agency recognized by the United States
25 Department of Education.

26 (c) An institution described in subdivision (a) that fails to
27 comply with this section is not authorized to operate in this state.

28 (d) *A registration with the bureau pursuant to this section shall*
29 *be valid for two years.*

30 ~~(d)~~

31 (e) The bureau shall ~~adopt emergency regulations for purposes~~
32 ~~of implementing this section.~~ *develop, through emergency*
33 *regulations, a registration form.* The adoption of these regulations
34 shall be deemed to be an emergency and necessary for the
35 immediate preservation of the public peace, health and safety, or
36 general welfare for purposes of Sections 11346.1 and 11349.6 of
37 the Government Code. These emergency regulations shall become
38 law through the regular rulemaking process by January 1, 2018.

~~SEC. 2.~~

SEC. 3. Section 94809 of the Education Code is amended to read:

94809. (a) An institution that had an application for an approval to operate pending with the former Bureau for Private Postsecondary and Vocational Education on June 30, 2007, may continue to operate until a decision is made in regard to the institution regarding the application for approval to operate, but shall comply with, and is subject to, this chapter.

(b) An institution that did not have a valid approval to operate issued by, and did not have an application for approval to operate pending with, the former Bureau for Private Postsecondary and Vocational Education on June 30, 2007, that began operations between July 1, 2007, and January 1, 2010, and filed an application to operate by August 2, 2010, may continue to operate unless a denial of approval to operate has been issued and has become final, but shall comply with, and is subject to, this chapter.

(c) Students seeking to enroll in institutions operating under subdivisions (a) and (b) shall be notified by the institution, in writing and prior to executing an enrollment agreement, that the institution's application for approval to operate has not been reviewed by the bureau.

(d) (1) An institution that is denied an approval to operate pursuant to subdivision (a) or (b) may file an appeal pursuant to the procedures established in Section 94888.

(2) An institution that has filed an appeal pursuant to paragraph (1) may continue to operate during the appeal process but must disclose in a written statement approved by the bureau, to all current and prospective students, that the institution's application for approval to operate was denied by the bureau because the bureau determined the application did not satisfy the requirements to operate in California, that the institution is appealing the bureau's decision, and that the loss of the appeal may result in the institution's closure.

(3) If the bureau determines that the continued operation of an institution poses a significant risk of harm to students, the bureau shall make an emergency decision pursuant to Section 94938.

~~SEC. 3.~~

SEC. 4. Section 94850.5 is added to the Education Code, to read:

1 94850.5. “Out-of-state private postsecondary educational
2 institution” means a private entity without a physical presence in
3 this state that offers distance education to California students for
4 an institutional ~~charge~~. *charge, regardless of whether the institution*
5 *has affiliated institutions or institutional locations in California.*

6 ~~SEC. 4.~~

7 SEC. 5. Section 94874 of the Education Code is amended to
8 read:

9 94874. Except as provided in Sections 94874.2 and 94874.7,
10 the following are exempt from this chapter:

11 (a) An institution that offers solely avocational or recreational
12 educational programs.

13 (b) (1) An institution offering educational programs sponsored
14 by a bona fide trade, business, professional, or fraternal
15 organization, solely for that organization’s membership.

16 (2) (A) Except as provided in subparagraph (B), a bona fide
17 organization, association, or council that offers preapprenticeship
18 training programs, on behalf of one or more Division of
19 Apprenticeship Standards-approved labor-management
20 apprenticeship programs that satisfies one of the following
21 conditions:

22 (i) It is not on the Eligible Training Provider List established
23 and maintained by the California Workforce Investment Board
24 but has met the requirements for placement on the list.

25 (ii) It is on the Eligible Training Provider List established and
26 maintained by the California Workforce Investment Board and
27 meets the requirements for continued listing.

28 (B) If an organization, association, or council has been removed
29 from the Eligible Training Provider List established and maintained
30 by the California Workforce Investment Board for failure to meet
31 performance standards, it is not exempt until it meets all applicable
32 performance standards.

33 (c) A postsecondary educational institution established, operated,
34 and governed by the federal government or by this state or its
35 political subdivisions.

36 (d) An institution offering either of the following:

37 (1) Test preparation for examinations required for admission to
38 a postsecondary educational institution.

1 (2) Continuing education or license examination preparation,
2 if the institution or the program is approved, certified, or sponsored
3 by any of the following:

4 (A) A government agency, other than the bureau, that licenses
5 persons in a particular profession, occupation, trade, or career field.

6 (B) A state-recognized professional licensing body, such as the
7 State Bar of California, that licenses persons in a particular
8 profession, occupation, trade, or career field.

9 (C) A bona fide trade, business, or professional organization.

10 (e) (1) An institution owned, controlled, and operated and
11 maintained by a religious organization lawfully operating as a
12 nonprofit religious corporation pursuant to Part 4 (commencing
13 with Section 9110) of Division 2 of Title 1 of the Corporations
14 Code, that meets all of the following requirements:

15 (A) The instruction is limited to the principles of that religious
16 organization, or to courses offered pursuant to Section 2789 of
17 Business and Professions Code.

18 (B) The diploma or degree is limited to evidence of completion
19 of that education.

20 (2) An institution operating under this subdivision shall offer
21 degrees and diplomas only in the beliefs and practices of the
22 church, religious denomination, or religious organization.

23 (3) An institution operating under this subdivision shall not
24 award degrees in any area of physical science.

25 (4) Any degree or diploma granted under this subdivision shall
26 contain on its face, in the written description of the title of the
27 degree being conferred, a reference to the theological or religious
28 aspect of the degree's subject area.

29 (5) A degree awarded under this subdivision shall reflect the
30 nature of the degree title, such as "associate of religious studies,"
31 "bachelor of religious studies," "master of divinity," or "doctor of
32 divinity."

33 (f) An institution that does not award degrees and that solely
34 provides educational programs for total charges of two thousand
35 five hundred dollars (\$2,500) or less when no part of the total
36 charges is paid from state or federal student financial aid programs.
37 The bureau may adjust this cost threshold based upon the California
38 Consumer Price Index and post notification of the adjusted cost
39 threshold on its Internet Web site, as the bureau determines,

1 through the promulgation of regulations, that the adjustment is
2 consistent with the intent of this chapter.

3 (g) A law school that is accredited by the Council of the Section
4 of Legal Education and Admissions to the Bar of the American
5 Bar Association or a law school or law study program that is
6 subject to the approval, regulation, and oversight of the Committee
7 of Bar Examiners, pursuant to Sections 6046.7 and 6060.7 of the
8 Business and Professions Code.

9 (h) A nonprofit public benefit corporation that satisfies all of
10 the following criteria:

11 (1) Is qualified under Section 501(c)(3) of the United States
12 Internal Revenue Code.

13 (2) Is organized specifically to provide workforce development
14 or rehabilitation services.

15 (3) Is accredited by an accrediting organization for workforce
16 development or rehabilitation services recognized by the
17 Department of Rehabilitation.

18 (i) An institution that is accredited by the Accrediting
19 Commission for Senior Colleges and Universities, Western
20 Association of Schools and Colleges, or the Accrediting
21 Commission for Community and Junior Colleges, Western
22 Association of Schools and Colleges.

23 (j) Flight instruction providers or programs that provide flight
24 instruction pursuant to Federal Aviation Administration regulations
25 and meet both of the following criteria:

26 (1) The flight instruction provider or program does not require
27 students to enter into written or oral contracts of indebtedness.

28 (2) The flight instruction provider or program does not require
29 or accept prepayment of instruction-related costs in excess of two
30 thousand five hundred dollars (\$2,500).

31 ~~SEC. 5.~~

32 *SEC. 6.* Section 94874.2 of the Education Code is amended to
33 read:

34 94874.2. Beginning January 1, 2016, an institution that is
35 approved to participate in veterans' financial aid programs pursuant
36 to Section 21.4253 of Title 38 of the Code of Federal Regulations
37 that is not an independent institution of higher education, as defined
38 in subdivision (b) of Section 66010, shall not be exempt from this
39 chapter.

~~SEC. 6.~~

SEC. 7. Section 94874.5 of the Education Code is amended to read:

94874.5. An institution that is otherwise exempt from this chapter shall comply with the requirements of Section 94927.5.

~~SEC. 7.~~

SEC. 8. Section 94874.7 of the Education Code is amended to read:

94874.7. The bureau shall establish, by regulation, a process pursuant to which an institution that is exempt from this chapter may request, and obtain, from the bureau verification that the institution is exempt. The verification shall be valid for a period of up to two years, as long as the institution maintains full compliance with the requirements of the exemption. The bureau shall establish a reasonable fee to reimburse the bureau's costs associated with the implementation of this section.

~~SEC. 8.~~

SEC. 9. Section 94874.8 of the Education Code is amended to read:

94874.8. (a) An institution exempt from all or part of this chapter pursuant to subdivision (i) of Section 94874 or Section 94874.1 may apply to the bureau for an approval to operate pursuant to this section, but only subject to all of the following provisions:

(1) The bureau may approve the operation of an institution that is exempt from all or part of this chapter as specified above in accordance with the authority granted pursuant to Article 6 (commencing with Section 94885). Upon issuing an approval to operate to an institution pursuant to this section, the bureau is authorized to regulate that institution through the full set of powers granted, and duties imposed, by this chapter, as those powers and duties would apply to an institution that is not exempt from this chapter.

(2) Notwithstanding any other law, upon issuance of an approval to operate pursuant to this section, the institution is no longer eligible for exemption, from the provisions of this chapter pursuant to subdivision (i) of Section 94874 or Section 94874.1, unless authorized by subsequent legislation.

(3) Upon issuance of an approval to operate pursuant to this section, an institution is subject to all provisions of this chapter,

1 and any regulations adopted pursuant to this chapter, that apply to
2 an institution subject to this chapter, except as expressly provided
3 in paragraph (4).

4 (4) (A) With respect to the placement and salary or wage data
5 required to be collected, calculated, and reported by Article 16
6 (commencing with Section 94928), an institution issued an
7 approval to operate pursuant to this section is not required to report
8 on its first School Performance Fact Sheet any data from the period
9 prior to the date of the issuance of the approval to operate that the
10 institution was not required to collect and does not have available
11 to it. An institution shall, however, report available data collected
12 and calculated in accordance with this chapter and applicable
13 regulations, regardless of the purpose for which the data was
14 collected. If the required data is unavailable, the institution shall
15 also disclose the unavailability of the data on all documents
16 required by this chapter and regulations adopted pursuant to this
17 chapter. Upon receiving an approval to operate pursuant to this
18 section, an institution shall commence to collect and calculate all
19 information necessary to comply with Article 16 (commencing
20 with Section 94928).

21 (B) An institution receiving an approval to operate pursuant to
22 this section shall provide to prospective students the School
23 Performance Fact Sheet, file that fact sheet with the bureau, and
24 post it on the institution's Internet Web site no later than the first
25 August 1 after the institution is approved to operate and no later
26 than August 1 of each year thereafter. These School Performance
27 Fact Sheets shall report data for the previous two calendar years
28 based upon the number of students who began the program or the
29 number of graduates for each reported calendar year. If two
30 calendar years have not passed since the issuance of the approval
31 to operate by the August 1 deadline for the School Performance
32 Fact Sheet, unless data for two years is available, the institution
33 shall report the required data for the period subsequent to the date
34 of the issuance of the notice of approval.

35 (b) An institution exempt from all or part of this chapter pursuant
36 to subdivision (i) of Section 94874 or Section 94874.1 that was
37 approved to operate by the bureau before the effective date of this
38 section shall be deemed to have been approved pursuant to this
39 section.

~~SEC. 9.~~

SEC. 10. Section 94878 of the Education Code is amended to read:

94878. (a) The bureau shall establish an Internet Web site that includes at least all of the following information:

(1) An explanation of the bureau's scope of authority.

(2) (A) A directory of approved institutions, and a link, if feasible, to the Internet Web site of each institution.

(B) For each institution, the directory shall be developed in a manner that allows the user to search by institution and shall include all of the following information:

(i) The status of the institution's approval to operate.

(ii) The information provided by the institutions, including, but not limited to, the annual report, as required by Section 94934, including the school catalog and the School Performance Fact Sheet. The School Performance Fact Sheet shall be maintained on the directory for at least five years after the date of its submission to the bureau.

(iii) If a law school satisfies the requirements of this chapter regarding a School Performance Fact Sheet by complying with the requirements of Section 94910.5, the bureau shall include the information provided by the institution pursuant to Section 94910.5 on its Internet Web site and shall maintain the information in the same manner as required by clause (ii).

(iv) The disciplinary history of the institution, which shall include, but shall not be limited to, all of the following:

(I) Pending formal accusations filed by the bureau.

(II) Suspensions, revocations, citations, fines, infractions, probations, pending litigation filed by the bureau, and final judgments resulting from litigation filed by the bureau.

(III) Pending or final civil or criminal cases filed by the Attorney General, a city attorney, or a district attorney in this state, or filed in any state by an attorney general or a federal regulatory or prosecutorial agency of which the bureau has received notice.

(IV) Final administrative actions by the United States Department of Education, including orders requiring restitution to students.

(V) All disciplinary actions ordered by an accreditation agency, including any order to show cause, of which the bureau has received notice pursuant to Section 94934 or other information

1 otherwise publicly available of which the bureau has received
2 notice.

3 (b) The bureau shall maintain the Internet Web site described
4 in subdivision (a). The bureau shall ensure that the information
5 specified in subdivision (a) is kept current. The bureau shall update
6 the Internet Web site at least annually, to coincide with the
7 submission of annual reports by the institutions pursuant to Section
8 94934.

9 (c) (1) The bureau shall post on its Internet Web site a list of
10 all institutions that were denied approval to operate, after the denial
11 is final, and describe in clear and conspicuous language the reason
12 the institution was denied approval. The bureau shall include with
13 this list the statement provided in paragraph (2) on its Internet Web
14 site.

15 (2) “The following institutions were denied approval to operate
16 by the Bureau for Private Postsecondary Education for failing to
17 satisfy the standards relating to educational quality, or consumer
18 protection, or both. These unlicensed institutions are not operating
19 in compliance with the law, and students are strongly discouraged
20 from attending these institutions.”

21 ~~SEC. 10.~~

22 *SEC. 11.* Section 94879 of the Education Code is repealed.

23 ~~SEC. 11.~~

24 *SEC. 12.* Section 94880 of the Education Code is amended to
25 read:

26 94880. (a) There is within the bureau a 12-member advisory
27 committee. The members of the committee shall be appointed as
28 follows:

29 (1) Three members, who shall have a demonstrated record of
30 advocacy on behalf of consumers, of which the director, the Senate
31 Committee on Rules, and the Speaker of the Assembly shall each
32 appoint one member.

33 (2) Two members, who shall be current or past students of
34 institutions, appointed by the director.

35 (3) Three members, who shall be representatives of institutions,
36 appointed by the director.

37 (4) One public member appointed by the Senate Committee on
38 Rules.

39 (5) One public member appointed by the Speaker of the
40 Assembly.

1 (6) Two nonvoting, ex officio members as follows:

2 (A) The chair of a policy committee of the Assembly with
3 jurisdiction over legislation relating to the bureau appointed by
4 the Speaker of the Assembly. The chair may designate a
5 representative for any meeting or meetings he or she is unable to
6 attend.

7 (B) The chair of a policy committee of the Senate with
8 jurisdiction over legislation relating to the bureau appointed by
9 the Senate Committee on Rules. The chair may designate a
10 representative for any meeting or meetings he or she is unable to
11 attend.

12 (b) (1) A member appointed pursuant to paragraph (2), (4), or
13 (5) of subdivision (a) shall not, either at the time of his or her
14 appointment or during his or her tenure in office, have any financial
15 interest in any organization currently or previously subject to
16 regulation by the bureau, be a close family member of an employee,
17 officer, or the director of any institution subject to regulation by
18 the bureau, or currently have, or previously have had, a business
19 relationship, in the five years preceding his or her appointment,
20 with any institution subject to regulation by the bureau.

21 (2) A member appointed pursuant to paragraph (2), (4), or (5)
22 of subdivision (a) shall not, within the five years immediately
23 preceding his or her appointment, have engaged in pursuits on
24 behalf of an institution or institutional accreditor or have provided
25 representation to the postsecondary educational industry or a
26 profession regulated by the bureau, if he or she is employed in the
27 industry or a member of the profession, respectively, and he or
28 she shall not engage in those pursuits or provide that representation
29 during his or her term of office.

30 (c) The advisory committee shall examine the oversight
31 functions and operational policies of the bureau and advise the
32 bureau with respect to matters relating to private postsecondary
33 education and the administration of this chapter, including annually
34 reviewing the fee schedule and the equity of the schedule relative
35 to the way institutions are structured, and the licensing and
36 enforcement provisions of this chapter. The advisory committee
37 shall make recommendations with respect to policies, practices,
38 and regulations relating to private postsecondary education, and
39 shall provide any assistance as may be requested by the bureau.

(d) The bureau shall actively seek input from, and consult with, the advisory committee regarding the development of regulations to implement this chapter prior to the adoption, amendment, or repeal of its regulations, and provide the advisory committee with sufficient time to review and comment on those regulations. The bureau shall take into consideration and respond to all feedback provided by members of the advisory committee.

(e) The bureau chief shall attend all advisory committee meetings and shall designate staff to provide ongoing administrative support to the advisory committee.

(f) Until January 1, 2017, the director shall personally attend, and testify and answer questions at, each meeting of the advisory committee.

(g) The chief of the Office of Student Assistance and Relief established in Article 20.6 (commencing with Section 94949.7) shall attend, and testify and answer questions at, each meeting of the advisory committee.

(h) The advisory committee shall have the same access to records within the Department of Consumer Affairs related to the operation and administration of this chapter as do members of constituent boards of the department in regard to records related to their functions.

(i) Advisory committee meetings shall be subject to the Bagley-Keene Open Meeting Act (Article 9 (commencing with Section 11120) of Chapter 1 of Part 1 of Division 3 of Title 2 of the Government Code). Advisory committee meeting materials shall be posted on the Internet. A majority of the appointed members of the committee shall constitute a quorum for the committee's meetings.

(j) The advisory committee shall meet at least quarterly and shall appoint a member of the committee to represent the committee for purposes of communicating with the Legislature.

(k) The Department of Consumer Affairs shall review, and revise if necessary, the department's conflicts of interest regulations to ensure that each advisory committee member is required to disclose conflicts of interest to the public.

~~SEC. 12.~~

SEC. 13. Section 94885 of the Education Code is amended to read:

1 94885. (a) The bureau shall adopt by regulation minimum
2 operating standards for an institution that shall reasonably ensure
3 that all of the following occur:

4 (1) The content of each educational program can achieve its
5 stated objective.

6 (2) The institution maintains specific written standards for
7 student admissions for each educational program and those
8 standards are related to the particular educational program.

9 (3) The facilities, instructional equipment, and materials are
10 sufficient to enable students to achieve the educational program's
11 goals.

12 (4) The institution maintains a withdrawal policy and provides
13 refunds.

14 (5) The directors, administrators, and faculty are properly
15 qualified.

16 (6) The institution is financially sound and capable of fulfilling
17 its commitments to students.

18 (7) That, upon satisfactory completion of an educational
19 program, the institution gives students a document signifying the
20 degree or diploma awarded.

21 (8) Adequate records and standard transcripts are maintained
22 and are available to students.

23 (9) The institution is maintained and operated in compliance
24 with this chapter and all other applicable ordinances and laws.

25 (b) Except as provided in Section 94885.1, an institution offering
26 a degree must satisfy one of the following requirements:

27 (1) Accreditation by an accrediting agency recognized by the
28 United States Department of Education, with the scope of that
29 accreditation covering the offering of at least one degree program
30 by the institution.

31 (2) An accreditation plan, approved by the bureau, for the
32 institution to become fully accredited within five years of the
33 bureau's issuance of a provisional approval to operate to the
34 institution. The provisional approval to operate to an unaccredited
35 degree-offering institution shall be in compliance with Section
36 94885.5.

37 ~~SEC. 13.~~

38 *SEC. 14.* Section 94885.1 of the Education Code is amended
39 to read:

1 94885.1. (a) An institution that is not accredited by an
2 accrediting agency recognized by the United States Department
3 of Education and offering at least one degree program, and that
4 has obtained an approval to operate from the bureau on or before
5 January 1, 2015, shall be required to satisfy at least one of the
6 following no later than July 1, 2015:

7 (1) Accreditation by an accrediting agency recognized by the
8 United States Department of Education, with the scope of that
9 accreditation covering the offering of at least one degree program
10 by the institution.

11 (2) Compliance with subdivision (b).

12 (b) The bureau shall identify institutions that are subject to
13 subdivision (a) and notify those institutions by February 1, 2015,
14 of the accreditation requirements pursuant to this section and that
15 the institution is required to provide the following information to
16 the bureau if the institution plans to continue to offer a degree
17 program after July 1, 2015:

18 (1) An accreditation plan that, at a minimum, identifies an
19 accrediting agency recognized by the United States Department
20 of Education from which the institution will seek accreditation,
21 with the scope of that accreditation covering the offering of at least
22 one degree program, and outlines the process by which the
23 institution will achieve accreditation candidacy or pre-accreditation
24 by July 1, 2017, and full accreditation by July 1, 2020.

25 (2) Evidence of having achieved accreditation candidacy or
26 pre-accreditation by July 1, 2017.

27 (3) Evidence of having obtained full accreditation by July 1,
28 2020.

29 (4) Any additional documentation the bureau deems necessary.

30 (c) An institution that satisfies the requirements of subdivision
31 (b) shall comply with all of the following:

32 (1) Notify students seeking to enroll in the institution, in writing,
33 prior to the execution of the student's enrollment agreement, that
34 the institution's approval to offer a degree program is contingent
35 upon the institution being subsequently accredited.

36 (2) A visiting committee, empaneled by the bureau pursuant to
37 Section 94882, shall review the institution by January 1, 2017, and
38 determine if the institution is likely to achieve full accreditation
39 by July 1, 2020. If the visiting committee finds the institution
40 deficient in its accreditation plan, the bureau may prohibit the

1 institution from enrolling new students in its degree program or
2 programs, and require the execution of a teach-out plan for its
3 enrolled students.

4 (d) (1) The bureau shall, upon the timely submission of
5 sufficient evidence that an unaccredited institution is making strong
6 progress toward obtaining accreditation, grant an institution's
7 request for an extension of time, not to exceed two years, to meet
8 the requirements of this section.

9 (2) Evidence submitted to the bureau pursuant to paragraph (1)
10 shall include, but is not limited to, an amended accreditation plan
11 adequately identifying why pre-accreditation, accreditation
12 candidacy, or accreditation outlined in the original plan submitted
13 to the bureau was not achieved, active steps the institution is taking
14 to comply with this section, and documentation from an accrediting
15 agency demonstrating the institution's likely ability to meet the
16 requirements of this section.

17 (3) The bureau may establish policies and procedures to comply
18 with the requirements in this subdivision. Establishment of these
19 policies and procedures are exempt from Chapter 3.5 (commencing
20 with Section 11340), Chapter 4 (commencing with Section 11370),
21 Chapter 4.5 (commencing with Section 11400), and Chapter 5
22 (commencing with Section 11500) of Part 1 of Division 3 of Title
23 2 of the Government Code.

24 (e) Any institution that fails to comply with the requirements
25 of this section by the dates provided, as required, shall have its
26 approval to operate automatically suspended on the applicable
27 date. The bureau shall issue an order suspending the institution
28 and that suspension shall not be lifted until the institution complies
29 with the requirements of this section. A suspended institution shall
30 not enroll new students in any of its degree programs, and shall
31 execute a teach-out plan for its enrolled students.

32 (f) The bureau shall adopt emergency regulations for purposes
33 of implementing this section. The adoption of these regulations
34 shall be deemed to be an emergency and necessary for the
35 immediate preservation of the public peace, health and safety, or
36 general welfare for purposes of Sections 11346.1 and 11349.6 of
37 the Government Code. These emergency regulations shall become
38 law through the regular rulemaking process within one year of the
39 enactment of this section.

(g) This section shall remain in effect until January 1, 2023, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2023, deletes or extends that date.

~~SEC. 14.~~

SEC. 15. Section 94885.5 of the Education Code is amended to read:

94885.5. (a) If an institution that has not been accredited by an accrediting agency recognized by the United States Department of Education seeks to offer one or more degree programs, the institution shall satisfy the following requirements in order to be issued a provisional approval to operate from the bureau:

(1) The institution may not offer more than two degree programs during the term of its provisional approval to operate.

(2) The institution shall submit an accreditation plan, approved by the bureau, for the institution to become fully accredited within five years of issuance of its provisional approval to operate. The plan shall include, at a minimum, identification of an accreditation agency recognized by the United States Department of Education, from which the institution plans to seek accreditation, and outline the process by which the institution will achieve accreditation candidacy or pre-accreditation within two years, and full accreditation within five years, of issuance of its provisional approval.

(3) The institution shall submit to the bureau all additional documentation the bureau deems necessary to determine if the institution will become fully accredited within five years of issuance of its provisional approval to operate.

(b) If an institution is granted a provisional approval to operate pursuant to subdivision (a), the following is required:

(1) Students seeking to enroll in that institution shall be notified in writing by the institution, prior to the execution of the student's enrollment agreement, that the institution's approval to operate is contingent upon it being subsequently accredited.

(2) Within the first two years of issuance of the provisional approval, a visiting committee, empaneled by the bureau pursuant to Section 94882, shall review the institution's application for approval and its accreditation plan, and make a recommendation to the bureau regarding the institution's progress to achieving full accreditation.

1 (3) The institution shall provide evidence of accreditation
2 candidacy or pre-accreditation within two years of issuance of its
3 provisional approval, and evidence of accreditation within five
4 years of issuance of its provisional approval, with the scope of that
5 accreditation covering the offering of at least one degree program.

6 (c) An institution required to comply with this section that fails
7 to do so by the dates provided, as required, shall have its
8 provisional approval to operate automatically suspended on the
9 applicable date. The bureau shall issue an order suspending the
10 institution and that suspension shall not be lifted until the institution
11 complies with the requirements of this section. A suspended
12 institution shall not enroll new students in any of its degree
13 programs and shall execute a teach-out plan for its enrolled
14 students.

15 (d) (1) The bureau shall, upon the timely submission of
16 sufficient evidence that an unaccredited institution is making strong
17 progress toward obtaining accreditation, grant an institution's
18 request for an extension of time, not to exceed two years, to meet
19 the requirements of this section.

20 (2) Evidence submitted to the bureau pursuant to paragraph (1)
21 shall include, but is not limited to, an amended accreditation plan
22 adequately identifying why preaccreditation, accreditation
23 candidacy, or accreditation outlined in the original plan submitted
24 to the bureau was not achieved, active steps the institution is taking
25 to comply with this section, and documentation from an accrediting
26 agency demonstrating the institution's likely ability to meet the
27 requirements of this section.

28 (3) The bureau may establish policies and procedures to comply
29 with the requirements in this subdivision. Establishment of these
30 policies and procedures are exempt from Chapter 3.5 (commencing
31 with Section 11340), Chapter 4 (commencing with Section 11370),
32 Chapter 4.5 (commencing with Section 11400), and Chapter 5
33 (commencing with Section 11500) of Part 1 of Division 3 of Title
34 2 of the Government Code.

35 (e) An institution issued a provisional approval under this section
36 is required to comply with all other laws and regulations.

37 (f) The bureau shall adopt emergency regulations for purposes
38 of implementing this section. The adoption of these regulations
39 shall be deemed to be an emergency and necessary for the
40 immediate preservation of the public peace, health and safety, or

1 general welfare for purposes of Sections 11346.1 and 11349.6 of
2 the Government Code. These emergency regulations shall become
3 law through the regular rulemaking process within one year of the
4 enactment of this section.

5 ~~SEC. 15.~~

6 *SEC. 16.* Section 94889 of the Education Code is amended to
7 read:

8 94889. (a) Except as provided in subdivision (b) of Section
9 94890 and subdivision (b) of this section, an approval to operate
10 shall be for a term of five years.

11 (b) The bureau may adopt, by regulation, a process by which
12 an institution with an approval to operate may request, and be
13 approved by the bureau for, an inactive status. ~~The process shall~~
14 ~~ensure that the institution, upon reinstatement of its active approval~~
15 ~~to operate, satisfies the requirements of this chapter. To regain an~~
16 *active approval status with the bureau, the institution shall apply*
17 *for an approval to operate in accordance with this chapter.*

18 ~~SEC. 16.~~

19 *SEC. 17.* Section 94905 of the Education Code is amended to
20 read:

21 94905. (a) During the enrollment process, an institution
22 offering educational programs designed to lead to positions in a
23 profession, occupation, trade, or career field requiring licensure
24 in this state shall exercise reasonable care to determine if the
25 student will not be eligible to obtain licensure in the profession,
26 occupation, trade, or career field at the time of the student's
27 graduation and shall provide all students enrolled in those programs
28 with a written copy of the requirements for licensure established
29 by the state, including any applicable course requirements
30 established by the state. If the minimum course requirements of
31 the institution exceed the minimum requirements for state licensure,
32 the institution shall disclose this information, including a list of
33 those courses that are not required for state licensure. The
34 institution shall not execute an enrollment agreement with a student
35 that is known to be ineligible for licensure, unless the student's
36 stated objective is other than licensure.

37 (b) During the enrollment process, an institution may discuss
38 internships and student jobs available to the student during the
39 student's attendance at the institution. If the institution discusses
40 internships and student jobs, the institution shall disclose the

1 number of requests for internship and student job placement
2 assistance received by the institution during the immediately
3 preceding calendar year and the number of actual placements
4 during that year.

5 (c) During the enrollment process, an institution offering
6 educational programs designed to lead to positions in a profession,
7 occupation, trade, or career field where voluntary licensure by a
8 government agency is available, shall provide its students seeking
9 to enroll in those programs with a written copy of the requirements
10 for that voluntary licensure.

11 ~~SEC. 17.~~

12 *SEC. 18.* Section 94909 of the Education Code is amended to
13 read:

14 94909. (a) Except as provided in subdivision (d), prior to
15 enrollment, an institution shall provide a prospective student, either
16 in writing or electronically, with a school catalog containing, at a
17 minimum, all of the following:

18 (1) The name, address, telephone number, and, if applicable,
19 Internet Web site address of the institution.

20 (2) Except as specified in Article 2 (commencing with Section
21 94802), a statement that the institution is a private institution and
22 that it is approved to operate by the bureau.

23 (3) The following statements:

24 (A) "Any questions a student may have regarding this catalog
25 that have not been satisfactorily answered by the institution may
26 be directed to the Bureau for Private Postsecondary Education at
27 (address), Sacramento, CA (ZIP Code), (Internet Web site address),
28 (telephone and fax numbers)."

29 (B) "As a prospective student, you are encouraged to review
30 this catalog prior to signing an enrollment agreement. You are also
31 encouraged to review the School Performance Fact Sheet, which
32 must be provided to you prior to signing an enrollment agreement."

33 (C) "A student or any member of the public may file a complaint
34 about this institution with the Bureau for Private Postsecondary
35 Education by calling (toll-free telephone number) or by completing
36 a complaint form, which can be obtained on the bureau's Internet
37 Web site (Internet Web site address)."

38 (4) The address or addresses where class sessions will be held.

39 (5) A description of the programs offered and a description of
40 the instruction provided in each of the courses offered by the

1 institution, the requirements for completion of each program,
2 including required courses, any final tests or examinations, any
3 required internships or externships, and the total number of credit
4 hours, clock hours, or other increments required for completion.

5 (6) If the educational program is designed to lead to positions
6 in a profession, occupation, trade, or career field requiring licensure
7 in this state, a notice to that effect and a list of the requirements
8 for eligibility for licensure.

9 (7) Information regarding the faculty and their qualifications.

10 (8) A detailed description of institutional policies in the
11 following areas:

12 (A) Admissions policies, including the institution's policies
13 regarding the acceptance of credits earned at other institutions or
14 through challenge examinations and achievement tests, admissions
15 requirements for ability-to-benefit students, and a list describing
16 any transfer or articulation agreements between the institution and
17 any other college or university that provides for the transfer of
18 credits earned in the program of instruction. If the institution has
19 not entered into an articulation or transfer agreement with any
20 other college or university, the institution shall disclose that fact.

21 (B) Cancellation, withdrawal, and refund policies, including an
22 explanation that the student has the right to cancel the enrollment
23 agreement and obtain a refund of charges paid through attendance
24 at the first class session, or the seventh day after enrollment,
25 whichever is later. The text shall also include a description of the
26 procedures that a student is required to follow to cancel the
27 enrollment agreement or withdraw from the institution and obtain
28 a refund consistent with the requirements of Article 13
29 (commencing with Section 94919).

30 (C) Probation and dismissal policies.

31 (D) Attendance policies.

32 (E) Leave-of-absence policies.

33 (9) The schedule of total charges for a period of attendance and
34 an estimated schedule of total charges for the entire educational
35 program.

36 (10) A statement reporting whether the institution participates
37 in federal and state financial aid programs, and if so, all consumer
38 information that is required to be disclosed to the student pursuant
39 to the applicable federal and state financial aid programs.

1 (11) A statement specifying that, if a student obtains a loan to
2 pay for an educational program, the student will have the
3 responsibility to repay the full amount of the loan plus interest,
4 less the amount of any refund, and that, if the student has received
5 federal student financial aid funds, the student is entitled to a refund
6 of the moneys not paid from federal student financial aid program
7 funds.

8 (12) A statement specifying whether the institution has a pending
9 petition in bankruptcy, is operating as a debtor in possession, has
10 filed a petition within the preceding five years, or has had a petition
11 in bankruptcy filed against it within the preceding five years that
12 resulted in reorganization under Chapter 11 of the United States
13 Bankruptcy Code (11 U.S.C. Sec. 1101 et seq.).

14 (13) If the institution provides placement services, a description
15 of the nature and extent of the placement services.

16 (14) A description of the student's rights and responsibilities
17 with respect to the Student Tuition Recovery Fund. This statement
18 shall specify that it is a state requirement that a student who pays
19 his or her tuition is required to pay a state-imposed assessment for
20 the Student Tuition Recovery Fund. This statement shall also
21 describe the purpose and operation of the Student Tuition Recovery
22 Fund and the requirements for filing a claim against the Student
23 Tuition Recovery Fund.

24 (15) The following statement:

25
26 “NOTICE CONCERNING TRANSFERABILITY OF
27 CREDITS AND CREDENTIALS EARNED AT OUR
28 INSTITUTION

29 The transferability of credits you earn at (name of institution)
30 is at the complete discretion of an institution to which you
31 may seek to transfer. Acceptance of the (degree, diploma, or
32 certificate) you earn in (name of educational program) is also
33 at the complete discretion of the institution to which you may
34 seek to transfer. If the (credits or degree, diploma, or
35 certificate) that you earn at this institution are not accepted at
36 the institution to which you seek to transfer, you may be
37 required to repeat some or all of your coursework at that
38 institution. For this reason you should make certain that your
39 attendance at this institution will meet your educational goals.
40 This may include contacting an institution to which you may

1 seek to transfer after attending (name of institution) to
2 determine if your (credits or degree, diploma, or certificate)
3 will transfer.”
4

5 (16) A statement specifying whether the institution, or any of
6 its degree programs, are accredited by an accrediting agency
7 recognized by the United States Department of Education. If the
8 institution is unaccredited and offers an associate, baccalaureate,
9 master’s, or doctoral degree, or is accredited and offers an
10 unaccredited program for an associate, baccalaureate, master’s, or
11 doctoral degree, the statement shall disclose the known limitations
12 of the degree program, including, but not limited to, all of the
13 following:

14 (A) Whether a graduate of the degree program will be eligible
15 to sit for the applicable licensure exam in California and other
16 states or become certified or registered as required for the
17 applicable profession, occupation, trade, or career field in
18 California.

19 (B) A degree program that is unaccredited or a degree from an
20 unaccredited institution is not recognized for some employment
21 positions, including, but not limited to, positions with the State of
22 California.

23 (C) That a student enrolled in an unaccredited institution is not
24 eligible for federal financial aid programs.

25 (b) If the institution has a general student brochure, the
26 institution shall provide that brochure to the prospective student
27 prior to enrollment. In addition, if the institution has a
28 program-specific student brochure for the program in which the
29 prospective student seeks to enroll, the institution shall provide
30 the program-specific student brochure to the prospective student
31 prior to enrollment.

32 (c) An institution shall provide the school catalog to any person
33 upon request. In addition, if the institution has student brochures,
34 the institution shall disclose the requested brochures to any
35 interested person upon request.

36 (d) An accredited institution is not required to provide a School
37 Performance Fact Sheet to a prospective student who is not a
38 California resident, not residing in California at the time of his or
39 her enrollment, and enrolling in an accredited distance learning
40 degree program offered by the institution, if the institution complies

1 with all federal laws, the applicable laws of the state where the
2 student is located, and other appropriate laws, including, but not
3 limited to, consumer protection and student disclosure
4 requirements.

5 ~~SEC. 18.~~

6 *SEC. 19.* Section 94923 of the Education Code is amended to
7 read:

8 94923. (a) The Student Tuition Recovery Fund relieves or
9 mitigates economic loss suffered by a student while enrolled in an
10 institution not exempt from this article pursuant to Article 4
11 (commencing with Section 94874), who, at the time of his or her
12 enrollment, was a California resident or was enrolled in a California
13 residency program, prepaid tuition, and suffered economic loss.

14 (b) (1) The bureau shall adopt, by regulation, procedures
15 governing the administration and maintenance of the Student
16 Tuition Recovery Fund. The fund shall be used to provide awards
17 to students who suffer economic loss.

18 (2) The following students, and any other students deemed
19 appropriate, are eligible for payment from the Student Tuition
20 Recovery Fund:

21 (A) Any student who was enrolled at an institution, at a location
22 of the institution, or in an educational program offered by the
23 institution, at the time that institution, location, or program was
24 closed or discontinued, as applicable, who did not choose to
25 participate in a teach-out plan approved by the bureau or did not
26 complete a chosen teach-out plan approved by the bureau.

27 (B) Any student who was enrolled at an institution or a location
28 of the institution within the 120-day period before the closure of
29 the institution or location of the institution, or who was enrolled
30 in an educational program within the 120-day period before the
31 program was discontinued.

32 (C) Any student who was enrolled at an institution or a location
33 of the institution more than 120 days before the closure of the
34 institution or location of the institution, in an educational program
35 offered by the institution as to which the bureau determines there
36 was a significant decline in the quality or value of the program
37 more than 120 days before closure.

38 (D) Notwithstanding the requirement that a student attend an
39 institution that is not exempt from this article, pursuant to
40 subdivision (a), a student who was enrolled at a California campus

1 of a Corinthian Colleges, Inc., institution or was a California
2 student enrolled in an online program offered by an out-of-state
3 campus of a Corinthian Colleges, Inc., institution, who also meets
4 all of the other eligibility requirements, if the student was enrolled
5 as of June 20, 2014, or withdrew within 120 days of that date or
6 any greater period determined by the bureau pursuant to this
7 section.

8 (E) A student to whom an institution has been ordered to pay a
9 refund by the bureau but has failed to do so.

10 (F) A student to whom an institution has failed to pay or
11 reimburse loan proceeds under a federal student loan program as
12 required by law, or has failed to pay or reimburse proceeds received
13 by the institution in excess of tuition and other costs.

14 (G) A student who has been awarded restitution, a refund, or
15 other monetary award by an arbitrator or court, based on a violation
16 of this chapter by an institution or representative of an institution,
17 but who has been unable to collect the award from the institution.
18 The bureau shall review the award or judgment and shall ensure
19 the amount to be paid from the fund does not exceed the student's
20 economic loss.

21 (H) Notwithstanding the definition of economic loss in
22 subdivision (f), for purposes of recovery from the Student Tuition
23 Recovery Fund, a student who has sought legal counsel that
24 resulted in the cancellation of one or more student loans in
25 connection with his or her Student Tuition Recovery Fund claim
26 may seek reimbursement for legal services rendered in an amount
27 up to five hundred dollars (\$500). The bureau shall review the
28 invoice of the legal services rendered and evidence of the
29 cancellation of the student loan or loans, and upon verifying that
30 cancellation, pay the claim directly to the student.

31 (c) Any student who is required to pay a Student Tuition
32 Recovery Fund assessment who pays tuition equal to or greater
33 than the required assessment shall be deemed to have paid the
34 required assessment, whether or not his or her enrollment
35 agreement specifies collection of the required assessment, and
36 whether or not the institution identifies any money collected from
37 the student as a Student Tuition Recovery Fund assessment.

38 (d) A student who suffers educational opportunity losses, whose
39 charges are paid by a third-party payer, is eligible for educational
40 credits under the fund.

1 (e) The bureau may seek repayment to the Student Tuition
2 Recovery Fund from an institution found in violation of the law
3 for which a student claim was paid. An institution shall not be
4 eligible to renew its approval to operate with the bureau if the
5 repayment is not made to the bureau as requested.

6 (f) For purposes of this section, “economic loss” includes, but
7 is not necessarily limited to, pecuniary loss, which is the sum of
8 the student’s tuition, all other institutional charges as defined in
9 Section 94844, the cost of equipment and materials required for
10 the educational program as defined in Section 94837, interest on
11 any student loan used to pay for such charges, collection costs,
12 penalties, and any license or examination fees the student paid to
13 the institution but is unable to recover. Economic loss shall also
14 include the amount the institution collected and failed to pay to
15 third parties on behalf of the student for license fees or any other
16 purpose. Economic loss does not include Student Tuition Recovery
17 Fund assessments, unless the student is entitled to a full refund
18 under Section 94919 or 94920, room and board, supplies,
19 transportation, application fees, or nonpecuniary damages such as
20 inconvenience, aggravation, emotional distress, or punitive
21 damages. Economic loss does not include legal fees, attorney fees,
22 court costs, or arbitration fees. Nothing in this subdivision shall
23 prevent the bureau from further defining economic loss to include
24 loss of educational opportunity.

25 (g) As a condition of the bureau satisfying a student loan
26 obligation on behalf of a Student Tuition Recovery Fund applicant,
27 the loan servicer or debtholder shall submit a letter stating that the
28 servicer or holder will no longer collect on the debt and shall report
29 the debt as “paid in full” to all credit reporting agencies. The bureau
30 shall retain a copy of that letter and provide the original to the
31 applicant.

32 (h) Except as provided in subdivision (i), the bureau shall require
33 a student seeking reimbursement from the Student Tuition
34 Recovery Fund to file a written application that shall be received
35 by the bureau no later than four years after the date of the action
36 that made the student eligible for recovery from the Student Tuition
37 Recovery Fund.

38 (i) Any student whose loan is revived by a loan holder or debt
39 collector after a period of noncollection by the holder or collector
40 may, at any time, file a written application for recovery from the

1 Student Tuition Recovery Fund for the debt that would have been
2 otherwise eligible for recovery under this section.

3 ~~SEC. 19.~~

4 *SEC. 20.* Section 94930.5 of the Education Code is amended
5 to read:

6 94930.5. Subject to Section 94930, an institution shall remit
7 to the bureau for deposit in the Private Postsecondary Education
8 Administration Fund the following fees, in accordance with the
9 following schedule:

10 (a) The following fees shall be remitted by an institution
11 submitting an application for an approval to operate, if applicable:

12 (1) Application fee for an approval to operate: five thousand
13 dollars (\$5,000).

14 (2) Application fee for the approval to operate a new branch of
15 the institution: three thousand dollars (\$3,000).

16 (3) Application fee for an approval to operate by means of
17 accreditation: seven hundred fifty dollars (\$750).

18 (b) The following fees shall be remitted by an institution seeking
19 a renewal of its approval to operate, if applicable:

20 (1) Renewal fee for the main campus of the institution: three
21 thousand five hundred dollars (\$3,500).

22 (2) Renewal fee for a branch of the institution: three thousand
23 dollars (\$3,000).

24 (3) Renewal fee for an institution that is approved to operate by
25 means of accreditation: five hundred dollars (\$500).

26 (c) The following fees shall apply to an institution seeking
27 authorization of a substantive change to its approval to operate, if
28 applicable:

29 (1) Processing fee for authorization of a substantive change to
30 an approval to operate: five hundred dollars (\$500).

31 (2) Processing fee in connection with a substantive change to
32 an approval to operate by means of accreditation: two hundred
33 fifty dollars (\$250).

34 (d) (1) In addition to any fees paid to the bureau pursuant to
35 subdivisions (a) to (c), inclusive, each institution that is approved
36 to operate pursuant to this chapter shall remit both of the following:

37 (A) An annual fee for each campus designated by the institution
38 as a main campus location in California, in an amount equal to
39 ~~0.55~~ 0.45 percent of the campus' total gross revenue derived from
40 students in California, but not to be less than two thousand five

1 hundred dollars (\$2,500) and not to exceed sixty thousand dollars
2 (\$60,000).

3 (B) An annual campus fee for each branch of the institution in
4 an amount equal to ~~0.55~~ 0.45 percent of the branch's total gross
5 revenue derived from students in California, but not to be less than
6 two thousand five hundred dollars (\$2,500) and not to exceed sixty
7 thousand dollars (\$60,000).

8 (2) The amount of the annual fees pursuant to paragraph (1)
9 shall be proportional to the bureau's cost of regulating institutions
10 under this chapter, but shall not exceed seven hundred fifty
11 thousand dollars (\$750,000) for ~~any~~ any institution.

12 (e) *The bureau may assess both of the following fees, if*
13 *applicable:*

14 (1) *An out-of-state institution registration fee in an amount of*
15 *one thousand five hundred dollars (\$1,500).*

16 (2) *A request for inactive status fee in an amount of five hundred*
17 *dollars (\$500).*

18 (f) *It is the intent of the Legislature that the fees established*
19 *pursuant to this section be evaluated during the 2017–18 state*
20 *budget process and, if necessary, adjusted by subsequent legislation*
21 *based upon information provided to the Legislature by the*
22 *department and the bureau.*

23 (g) *Notwithstanding subdivision (d), effective July 1, 2018, the*
24 *annual fee for each campus described in subparagraphs (A) and*
25 *(B) of paragraph (1) of subdivision (d) shall be in an amount equal*
26 *to 0.55 percent of that campus' total gross revenue derived from*
27 *students in California, but not to be less than two thousand five*
28 *hundred dollars (\$2,500) and not to exceed sixty thousand dollars*
29 *(\$60,000) for each campus.*

30 ~~SEC. 20.~~

31 SEC. 21. Section 94932 of the Education Code is amended to
32 read:

33 94932. The bureau shall determine an institution's compliance
34 with the requirements of this chapter. The bureau shall have the
35 power to require reports that institutions shall file with the bureau
36 in addition to the annual report, to send staff to an institution's
37 sites, and to require documents and responses from an institution
38 to monitor compliance. When the bureau has reason to believe that
39 an institution may be out of compliance, it shall conduct an
40 investigation of the institution. If the bureau determines, after

1 completing a compliance inspection or investigation, that an
2 institution has violated any applicable law or regulation, the bureau
3 shall take appropriate action pursuant to this article.

4 ~~SEC. 21.~~

5 *SEC. 22.* Section 94934.5 is added to the Education Code, to
6 read:

7 94934.5. (a) An institution with an approval to operate that
8 ~~knows or reasonably should know~~ that it is being investigated by
9 an oversight entity other than the bureau shall report that
10 investigation, including the nature of that investigation, to the
11 bureau within 30 days of the institution's first knowledge of the
12 investigation. An institution with an approval to operate that is the
13 subject of a judgment by, a regulatory action by, increased
14 oversight or monitoring by, or a settlement with, any oversight
15 entity other than the bureau shall report it to the bureau within 30
16 days. Failure to comply with this section may subject the institution
17 to an administrative citation pursuant to Section 94936.

18 (b) For the purposes of this section, "investigation" means any
19 inquiry into possible violations of any applicable laws or
20 accreditation standards.

21 (c) For the purposes of this section, "oversight entity" means
22 all of the following:

23 (1) Any federal or state entity that provides financial aid to
24 students of ~~an~~ the institution or approves ~~an~~ the institution for
25 participation in a financial aid program.

26 (2) Any state or federal attorney general's office or department
27 of justice.

28 (3) Any regulator that approves the operation of the institution.

29 (4) The federal Consumer Financial Protection Bureau or the
30 federal Securities and Exchange Commission.

31 (5) Any accrediting agency.

32 (6) Any state professional licensing entity that exercises any
33 programmatic or institutional approval over ~~an~~ the institution.

34 ~~SEC. 22.~~

35 *SEC. 23.* Section 94936 of the Education Code is amended to
36 read:

37 94936. (a) As a consequence of an investigation, which may
38 incorporate any materials obtained or produced in connection with
39 a compliance inspection, and upon a finding that the institution
40 has committed a violation of this chapter or that the institution has

1 failed to comply with a notice to comply pursuant to Section 94935,
2 the bureau shall issue a citation to an institution for violation of
3 this chapter, or regulations adopted pursuant to this chapter.

4 (b) The citation may contain any of the following:

5 (1) An order of abatement that may require an institution to
6 demonstrate how future compliance with this chapter or regulations
7 adopted pursuant to this chapter will be accomplished.

8 (2) Notwithstanding Section 125.9 of the Business and
9 Professions Code, an administrative fine not to exceed five
10 thousand dollars (\$5,000) for each violation. The bureau shall base
11 its assessment of the administrative fine on:

12 (A) The nature and seriousness of the violation.

13 (B) The persistence of the violation.

14 (C) The good faith of the institution.

15 (D) The history of previous violations.

16 (E) The purposes of this chapter.

17 (F) The potential harm to students.

18 (3) An order to compensate students for harm, including a refund
19 of moneys paid to the institution by or on behalf of the student, as
20 determined by the bureau.

21 (c) (1) The citation shall be in writing and describe the nature
22 of the violation and the specific provision of law or regulation that
23 is alleged to have been violated.

24 (2) The citation shall inform the institution of its right to request
25 a hearing in writing within 30 days from service of the citation.

26 (3) If a hearing is requested, the bureau shall select an informal
27 hearing pursuant to Article 10 (commencing with Section
28 11445.10) of Chapter 4.5 of Part 1 of Division 3 of Title 2 of the
29 Government Code or a formal hearing pursuant to Chapter 5
30 (commencing with Section 11500) of Part 1 of Division 3 of Title
31 2 of the Government Code.

32 (4) If a hearing is not requested, payment of the administrative
33 fine is due 30 days from the date of service, and shall not constitute
34 an admission of the violation charged.

35 (5) If a hearing is conducted and payment of an administrative
36 fine is ordered, the administrative fine is due 30 days from when
37 the final order is entered.

38 (6) The bureau may enforce the administrative fine as if it were
39 a money judgment pursuant to Title 9 (commencing with Section
40 680.010) of Part 2 of the Code of Civil Procedure.

(d) All administrative fines shall be deposited in the Private Postsecondary Education Administration Fund.

~~SEC. 23.~~

SEC. 24. Section 94937 of the Education Code is amended to read:

94937. (a) As a consequence of an investigation, which may incorporate any materials obtained or produced in connection with a compliance inspection, and upon a finding that an institution has committed a violation, the bureau may place an institution on probation or may suspend or revoke an institution's approval to operate for:

(1) Obtaining an approval to operate by fraud.

(2) A material violation or repeated violations of this chapter or regulations adopted pursuant to this chapter that have resulted in harm to students. For purposes of this paragraph, "material violation" includes, but is not limited to, misrepresentation, fraud in the inducement of a contract, and false or misleading claims or advertising, upon which a student reasonably relied in executing an enrollment agreement and that resulted in harm to the student.

(b) The bureau shall adopt regulations, within one year of the enactment of this chapter, governing probation and suspension of an approval to operate.

(c) The bureau may seek reimbursement pursuant to Section 125.3 of the Business and Professions Code.

(d) An institution shall not be required to pay the cost of investigation to more than one agency.

~~SEC. 24.~~

SEC. 25. Section 94944 of the Education Code is amended to read:

94944. Notwithstanding any other provision of law, the bureau shall cite any person, and that person shall be subject to a fine not to exceed one hundred thousand dollars (\$100,000), for operating an institution without proper approval to operate issued by the bureau pursuant to this chapter.

SEC. 26. Section 94948 of the Education Code is amended to read:

94948. In addition to any other reporting requirements under this chapter, the director shall provide written updates to the Legislature every six months and shall participate in all oversight hearings conducted by the appropriate policy committees and

1 budget subcommittees of the Senate and Assembly. The updates
2 shall describe the bureau's progress in protecting consumers and
3 enforcing the provisions of this ~~chapter~~. *chapter and shall include,*
4 *but not be limited to, all of the following information received*
5 *pursuant to Section 325 of the Business and Professions Code:*

6 (a) *The total number of student complaints received.*

7 (b) *The general nature of these complaints.*

8 (c) *The outcome of these student complaints.*

9 ~~SEC. 25.~~

10 SEC. 27. Article 20.6 (commencing with Section 94949.7) is
11 added to Chapter 8 of Part 59 of Division 10 of Title 3 of the
12 Education Code, to read:

13
14 Article 20.6. Office of Student Assistance and Relief

15
16 94949.7. There is hereby established an Office of Student
17 Assistance and Relief for the purpose of advancing and promoting
18 the rights of prospective students, current students, or past students
19 of private postsecondary educational institutions.

20 94949.71. (a) The duties of the office shall be vested in a chief,
21 who shall be appointed by the director. The chief, and each staff
22 employee of the office, shall have experience and expertise,
23 commensurate with his or her position, advocating on behalf of
24 students and consumers and shall have knowledge in the state and
25 federal laws governing student protection, student financial aid
26 and loan programs, and the policies and practices of private
27 postsecondary educational institutions.

28 (b) For purposes of this article, "office" means the Office of
29 Student Assistance and Relief.

30 94949.72. Duties of the office shall include all of the following:

31 (a) Conducting outreach and providing information and
32 assistance to students who have been affected by the unlawful
33 activities or closure of an institution regarding their rights under
34 state and federal ~~law~~ *law, including information about how and*
35 *where to file a complaint,* and to ensure that those students
36 successfully access available state and federal relief programs.
37 ~~With existing resources provided to the bureau and department,~~
38 *No later than July 1, 2017,* the office shall prioritize and
39 immediately conduct the activities outlined in Section 94949.73.

~~(b) Coordinating with the bureau and the department to facilitate resolution of student concerns related to the bureau's performance of its responsibilities, including concerns that arise related to the bureau's handling of a complaint or its administration of the Student Tuition Recovery Fund established in Article 14 (commencing with Section 94923).~~

~~(e)~~

(b) Serving as a primary point of contact to address the needs of private postsecondary education students and working in consultation with state and federal agencies, including, but not limited to, the Student Aid Commission, the Office of the Chancellor of the California Community Colleges, the Department of Veterans Affairs, the federal Consumer Financial Protection Bureau, and the United States Department of Education.

~~(d)~~

(c) The office may also conduct both of the following activities:

(1) Provide outreach to students and prospective students to provide them with, among other information, information on making informed decisions in selecting postsecondary educational institutions, student rights regarding school performance disclosures, enrollment agreements, and cancellation and refund policies, how to contact the office and the bureau for assistance, student loan rights and assistance, and free nonprofit community based resources.

(2) Conduct data and information research *concerning industry trends and enforcement actions* from various sources, including, but not limited to, annual reports provided to the bureau pursuant to Section 94934, the United States Department of Education, accrediting agencies, and the California Department of Veterans Affairs ~~to identify potential violations of the act.~~ *to help determine the trends and potential violations of the act.* The office shall advise the director and bureau chief of its findings.

~~(e)~~

(d) The office shall provide, pursuant to Section 9795 of the Government Code, to the Legislature an annual written update regarding the office's progress in protecting students and conducting the duties of the office.

94949.73. (a) The office shall provide individualized assistance to students to relieve or mitigate the economic and educational

1 opportunity loss incurred by those students who attended a
2 Corinthian Colleges, Inc., institution or other eligible institution.

3 (b) Specific services provided by the office shall include all of
4 the following:

5 (1) Outreach and education to students regarding the assistance
6 available from the office.

7 (2) Screening requests for assistance received by the office and
8 providing individualized assistance to help students determine
9 their relief eligibility, identify and obtain necessary documents,
10 complete and submit applications, and provide additional services
11 as necessary.

12 (c) For purposes of this section, “other eligible institution”
13 means an institution identified by the office whose unlawful
14 activities or closure has resulted in its students being eligible for
15 repayment from the Student Tuition Recovery Fund, debt relief
16 from the United States Department of Education, or other student
17 financial aid relief.

18 (d) (1) The office shall quarterly report by posting on the
19 bureau’s Internet Web site, through September 1, 2018, on all of
20 the following:

21 (A) A summary of the outreach and education activities
22 conducted by the office pursuant to the requirements of paragraph
23 (1) of subdivision (b) and the number of students served from
24 Corinthian Colleges, Inc., institutions and every other eligible
25 institution.

26 (B) A detailed summary of services provided to those students,
27 as follows:

28 (i) The number of students assisted with submitting Student
29 Tuition Recovery Fund claims to the bureau by the office, and of
30 the claims submitted, the number that are pending, on appeal, or
31 have been approved or denied. For the claims that have been
32 approved, the office shall report the amount of student loans
33 canceled, the total of student loans paid off, the total amount of
34 cash reimbursed to students, and the total amount of educational
35 credit granted.

36 (ii) The number of students assisted with submitting federal
37 loan forgiveness claims, and of the claims submitted, the number
38 of those claims that are pending, on appeal, or have been approved
39 or denied. For the claims that have been approved, the office shall

1 report the estimated total in student loans canceled and the total
2 amount of funds refunded to students.

3 (iii) The number of students assisted with private student loan
4 relief, other than through Student Tuition Recovery Fund claims,
5 and a summary of assistance provided and relief outcomes
6 obtained.

7 (iv) The number of students whom the office helped to obtain
8 income-dependent repayment plans on their federal loans, and of
9 those students, the number of students helped out of default on the
10 federal loans through consolidation or rehabilitation.

11 (2) The office shall provide, pursuant to Section 9795 of the
12 Government Code, the Legislature, the department, and the bureau
13 a final report summarizing the information submitted pursuant to
14 paragraph (1) by January 1, 2019.

15 ~~SEC. 26.~~

16 *SEC. 28.* Section 94950 of the Education Code is amended to
17 read:

18 94950. This chapter shall remain in effect only until January
19 1, 2021, and as of that date is repealed, unless a later enacted
20 statute, that is enacted before January 1, 2021, deletes or extends
21 that date.

22 ~~SEC. 27.~~

23 *SEC. 29.* The Legislature finds and declares that the
24 reimbursement of legal fees, as provided in subparagraph (H) of
25 paragraph (2) of subdivision (b) of Section 94923 of the Education
26 Code, is intended to encourage and support the efforts of nonprofit
27 legal service organizations and pro bono attorneys to secure student
28 debt cancellation. Complicated student loan cases often require
29 extensive time and resources. The reimbursement provided is not
30 intended to reflect the work associated with successful student
31 debt cancellation.

32 ~~SEC. 28.~~

33 *SEC. 30.* No reimbursement is required by this act pursuant to
34 Section 6 of Article XIII B of the California Constitution because
35 the only costs that may be incurred by a local agency or school
36 district will be incurred because this act creates a new crime or
37 infraction, eliminates a crime or infraction, or changes the penalty
38 for a crime or infraction, within the meaning of Section 17556 of
39 the Government Code, or changes the definition of a crime within

1 the meaning of Section 6 of Article XIII B of the California
2 Constitution.

O